

## OPERATIONAL SERVICES

### **4:40 Incurring Debt**

The Superintendent or designee shall provide early notice to the Board of Education of the District's need to borrow money. The Superintendent or designee shall work with industry professionals to prepare all documents and notices necessary for the Board of Education, at its discretion, to issue State Aid Anticipation Certificates, tax anticipation warrants, working cash fund bonds, bonds, notes, and other evidence of indebtedness. The Superintendent shall notify the State Board of Education before the District issues any form of long-term or short-term debt that will result in outstanding debt that exceeds 75% of the debt limit specified in State law.

#### Debt Management Policy

The following considerations will be addressed prior to the District issuing debt for any purpose:

- The debt issued shall be in accordance with applicable State of Illinois and Federal Statutes. The Board shall avoid issuing debt for operating expenses unless needed to meet short-term cash flow needs.
- In order to access the credit markets at the lowest borrowing cost possible, the District shall strive to maintain operating reserves at a level equal to or greater than 40% of the next fiscal year's operating budget.
- Changes in fiscal conditions that would adversely affect the District's credit rating shall be promptly reported to the Board of Education.
- The length of maturity of any debt instrument will not exceed the average life of the asset being financed.
- The District shall not employ derivative products, approved by the State such as swaps and swaptions unless the financial results achievable through the use of these products are substantially better than the results that could be attained through the issue of traditional fixed rate debt. If derivative products are used, an outside pricing consultant will be employed to comment on the fairness of the pricing. All risks will be evaluated prior to entering into a derivative transaction including but not limited to basis risk, tax risk, counter-party risk, termination risk, liquidity renewal risk, remarketing risk and credit risk.
- Outside professionals shall be used to the extent necessary to insure compliance with continuing disclosure requirements, SEC Rule 15c212.

#### LEGAL REF.:

Securities Act of 1933, 15 U.S.C. §77a et seq.

Securities Exchange Act of 1934, 15 U.S.C. §78a et seq.

17 C.F.R. §240.15c2-12.

Bond Authorization Act, 30 ILCS 305/2

Bond Issue Notification Act, 30 ILCS 352/

Local Government Debt Reform Act, 30 ILCS 350/.

Tax Anticipation Note Act, 50 ILCS 420/.

105 ILCS 5/17-16, 5/17-17, 5/18-18, and 5/19-1 et seq.

Adopted: July 10, 2023

## **Rondout SD 72**

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